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COUNCIL OF STATES

The following Bill was introduced in the Council of States on the 27th March 1953:—

BILL No VII OF 1953

A Bill to extend the period during which Hyderabad coins and notes of the denominational value of one rupee may continue to be legal tender, to repeal the Hyderabad Paper Currency Act No. II of 1927F and to make certain other incidental provisions.

Enacted by Parliament as follows:—

1. Short title and commencement.—(1) This Act may be called the Hyderabad Coinage and Paper Currency (Miscellaneous Provisions) Act, 1953.

(2) It shall come into force on the first day of April, 1953.

2. Amendment of section 24, Act III of 1906.—In section 24 of the Indian Coinage Act, 1906 (III of 1906)—

(a) for the words and letter 'any Part B State' the words 'the State of Hyderabad' shall be substituted; and

(b) for the words 'two years' the words 'four years' shall be substituted.

3. Amendment of section 2A, Ordinance No. IV of 1940.—In section 2A of the Currency Ordinance, 1940, for the words 'two years' the words 'four years' shall be substituted.

4. Repeal of Hyderabad Paper Currency Act and saving.—(1) The Hyderabad Paper Currency Act No. II of 1927F, as in force in the State or Hyderabad immediately before the commencement of this Act, shall, on such commencement, stand repealed.

(2) Notwithstanding such repeal, currency notes of denominational values exceeding one rupee issued under the provisions of the repealed Act and in circulation as legal tender in the State of Hyderabad immediately before the commencement of this Act shall continue to be legal tender in that State for such period or periods not exceeding two years from such commencement and to such extent and subject to such conditions, if any, as the Central Government may, by notification in the Official Gazette, determine.

STATEMENT OF OBJECTS AND REASONS

It has been decided that the Hyderabad Hali Sica currency and coinage should be withdrawn and replaced by Indian currency. Under the Indian Coinage Act, 1906, and the Currency Ordinance, 1940, as extended to Hyderabad, the Hali Sica rupee, half rupee, quarter rupee, two anna, one anna and 1/6th anna coins and one rupee notes will cease to be legal tender in the State of Hyderabad with effect from the 1st April, 1958. So far as the Hyderabad currency notes of higher denominations are concerned, the Hyderabad Paper Currency Act, II of 1927 Fasli, under which these notes are issued, imposes an obligation for the exchange of the notes into coins. Once the coins and one rupee notes cease to be legal tender on the 1st April, 1958 it will not be possible to fulfil this obligation. It will, however, be anomalous to keep the Hali Sica currency and coinage in circulation indefinitely. Considering the volume of this currency still in circulation it is considered that hardship may be created to the public by the sudden withdrawal of this currency. It has, therefore, been decided that while repealing the Hyderabad Paper Currency Act, II of 1927 Fasli with effect from the 1st April, 1958, as part of the arrangements for the replacement of Hali Sica currency by Indian currency, the legal tender character of the Hali Sica currency should be continued for a limited period. This Bill proposes to continue this legal tender character for a period of two

years from the 1st April, 1953. This will give the public sufficient time for obtaining exchange of the currency still in circulation into Indian currency and allow for the orderly withdrawal of the Hali Sica currency.

C. D. DESHMUKH.

NEW DELHI;

The 25th March, 1953

S. N. MUKERJEE,
Secretary.

